4 of the Best TSX Gold Stocks That Pay Dividends

Description

Gold is a perennial play worthy of every diversified portfolio in every kind of market. It's the one asset type that offers the highest safety, and remains a go-to during periods of high economic stress. Some gold stocks also pay a dividend, matching safety with passive income. And some gold stocks are also top picks for copper exposure, bringing the upside potential of that undervalued commodity.

Matching passive income with steady growth

Barrick Gold is one of the first names that a new or expanding TSX investor should look at for passive income from gold. This stock is still fairly good value and offers shareholders the reassurance of a nearly spotless balance sheet. Barrick could return 138% by 2025 at current projections. A dividend yield of 1.2% is on offer, fed by high-quality gold assets.

Investors may be quick to see Barrick's growth as being more behind than in front of it. This may largely be the case, with 48% earnings growth coming over the last five years. But Barrick's outlook is golden, with growth by expansion a potential source of both extra profit and key synergies. This key mining name is accountable for around 71 million ounces of gold and 13.5 billion pounds of copper.

Kirkland Lake Gold is one of the best-valued gold stocks on the TSX, trading at a 34% discount off its future cash flow value. Its track record is exemplary, with strong earnings growth in the last few years. This growth was solid over the past 12 months, with Kirkland reeling in an earnings uptick of 95%. This could slow going forwards, though earnings growth of around 13% annually is still in the cards.

Mixing gold with copper stocks for upside potential

Lundin Mining is not renowned as a gold stock. It's more commonly singled out for its access to copper upside. But Lundin does indeed mine gold, qualifying it for inclusion in a list of gold stocks. This name ticks the box for the safe-haven qualities of gold, and it pays a 2.4% dividend yield. The main draw here is that diversification across other metals, such as the aforementioned copper, plus nickel and zinc.

Lundin trades at book value, though it sports a high P/E. Still, with a high target price of $13 almost double its $6.5 price tag, investors have a clear growth pick here. Lundin's earnings are set to grow by 51% annually in the nest three years, strengthening the growth angle. Its mineral extraction exposure spans North and South America, Portugal, and Sweden, making for a sturdily diverse stock in terms of geography.

No list of gold dividend stocks would be complete without **Newmont**. While it may not be significantly high for the TSX, a dividend yield of 1.75% is among the richest in this space. Per-ounce production costs are projected to drop by a considerable margin in the near future, making for strong income growth potential. A 12% payout ratio signifies both well-covered payments as well as long-term dividend-growth potential.

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